

2016 ALBERTA Nonprofit SURVEY

ALBERTA

SCALE

coloured according to Dominion Electoral Districts



CCVO

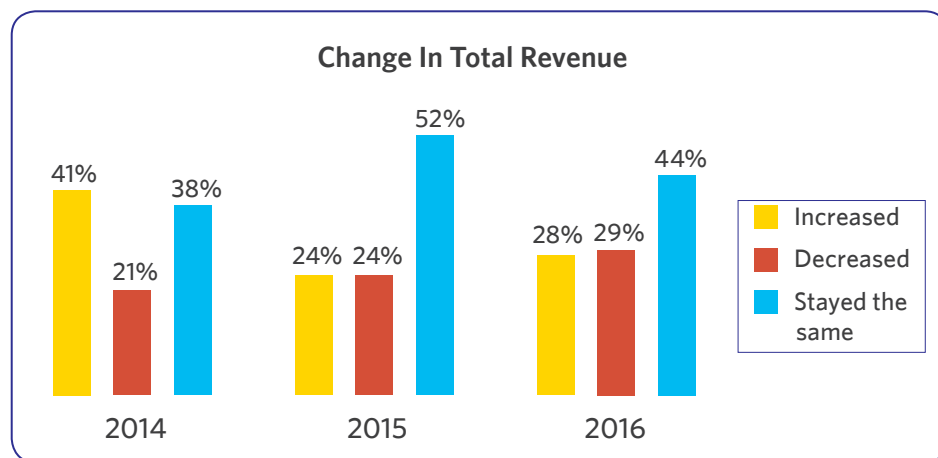
Calgary Chamber of
Voluntary Organizations

2016 Alberta Nonprofit Survey

Many Stories Are Unfolding

A MIXED FINANCIAL PICTURE

Alberta's nonprofit sector is broad and diverse. It follows that the effects of the economic downturn are felt differently from one organization to the next and across regions and subsectors. Corporate funding has dropped off precipitously, whereas government funding has had a stabilizing effect on the sector.



ADAPTATION STRATEGIES

The most common steps taken in response to the downturn have been to increase fundraising efforts, reduce discretionary spending, and increase staff workloads.



BELIEFS ABOUT THE DOWNTURN

30%

We have been through this before and things will improve

42%

We need to adapt to a new economic reality

28%

We simply don't know what to expect

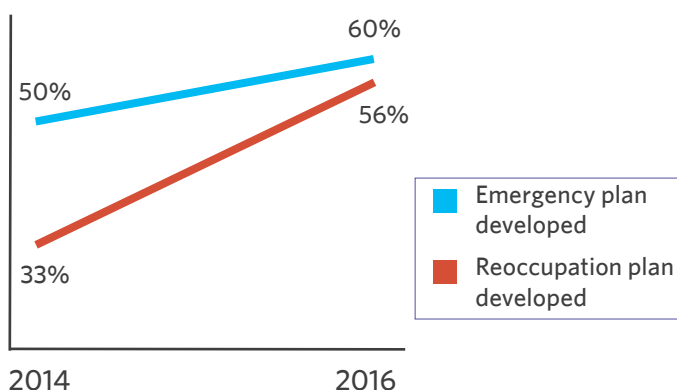
SOME SILVER LININGS

It's not all doom and gloom, as organizations are finding opportunity amidst adversity.

"Reduced construction costs for capital projects"

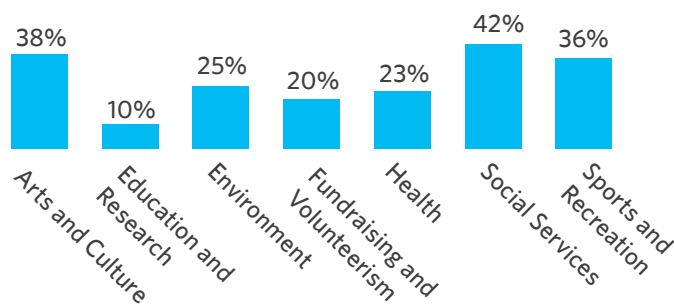
"Volunteer numbers have increased!"

BETTER PREPARED FOR EMERGENCY



MINIMUM WAGE INCREASES

Percent Of Organizations With Staff Earning Less Than \$15/hr



The social services subsector had the largest percentage of organizations that reported employing staff at wages less than \$15/hr; something funders must take into account as the province increases minimum wage.

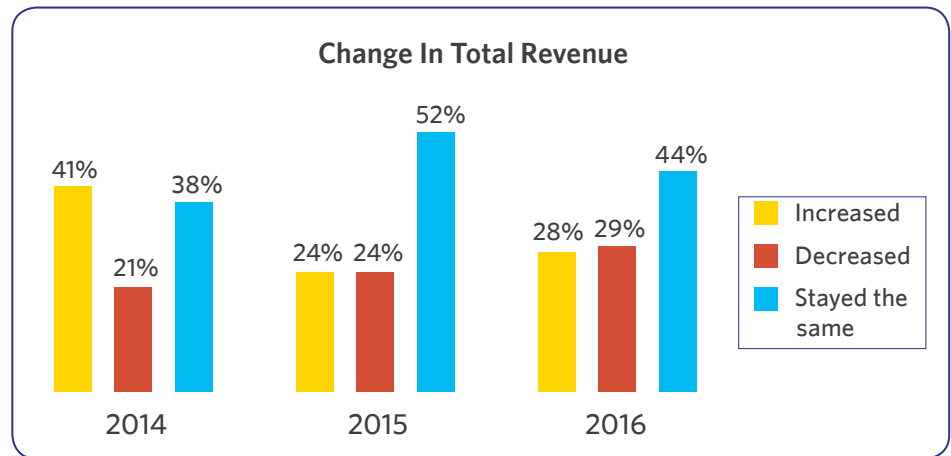
Explore and Compare the Data
calgarycvo.org/dataportal



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A Mixed Financial Picture

Almost two years into what many are predicting will be a more protracted economic downturn, Alberta's nonprofits and charities continue to feel the effects. Compared to 2014, when oil prices began to drop and 41% of respondents were successful in generating more revenue, this year only 28% managed to do so. Larger organizations and those operating in Calgary and Area were more likely to have increased their revenue.

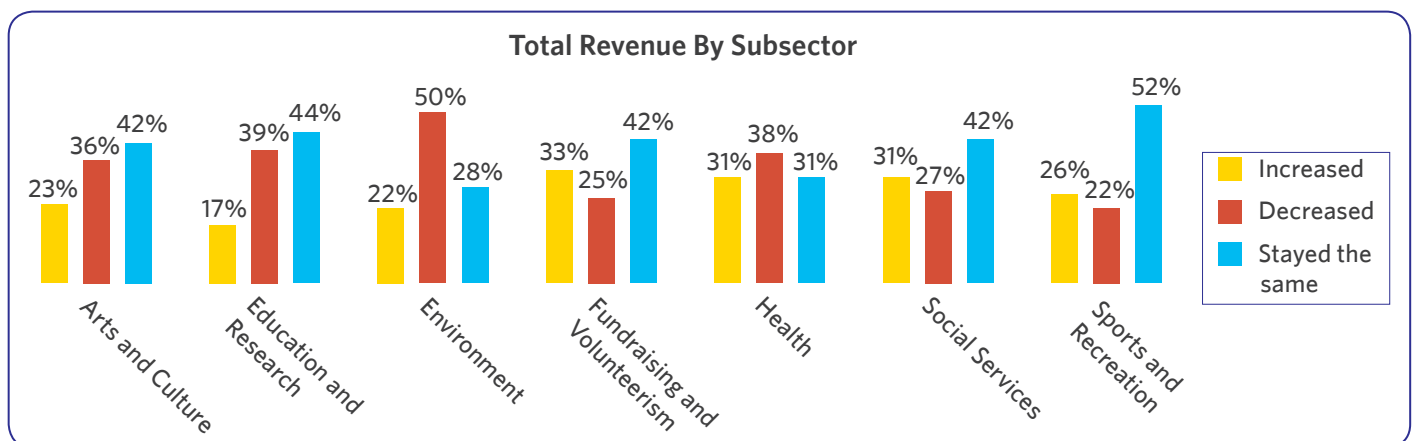


"Our funding is currently fairly stable with the economic downturn, but new funding during the downturn has been near impossible to secure."
~ Health

"Revenue is going up, but so have staff wages."
~ Social Services

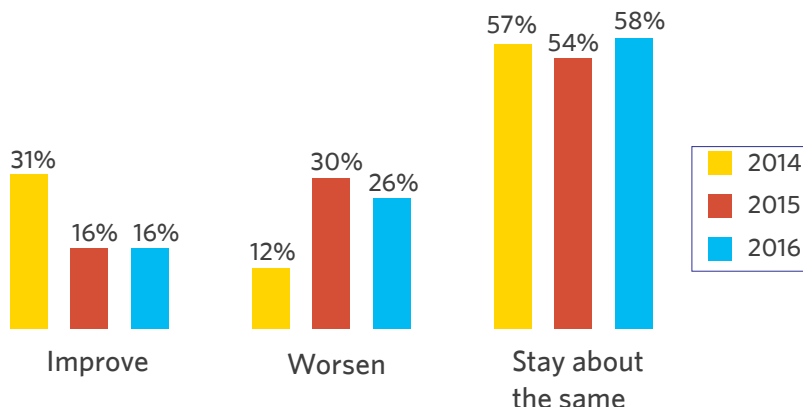
"Investment income is lower and corporate donors have less to disseminate in their charity portfolios."
~ Sports and Recreation

"Hard to say if it will be worse this time next year, but it will worsen before it gets better. Individuals have less disposable income, corporations are losing money, and the provincial government is looking at a \$10 billion deficit."
~ Education and Research

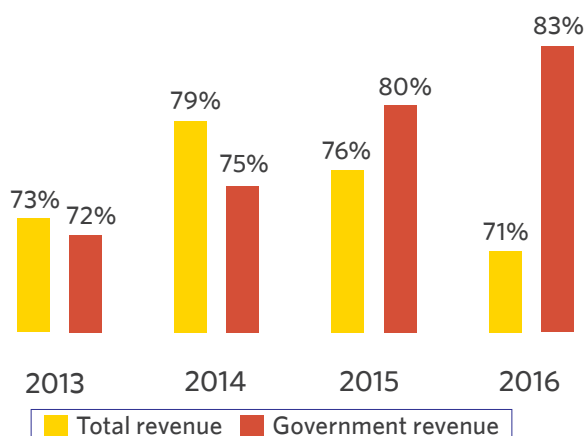


Consistent with previous years, environmental organizations seem to be struggling to maintain revenue. For a sector that relies heavily on individual and corporate revenue, the economic downturn has likely exacerbated the challenges.

Expectations For Finances In The Coming Year



Percent of Revenue That Increased Or Stayed the Same



An interesting story emerges when we examine trends across the various forms of nonprofit revenue. The chart on the left demonstrates the **stabilizing effect government grants and contracts have had** as other forms of revenue decline.

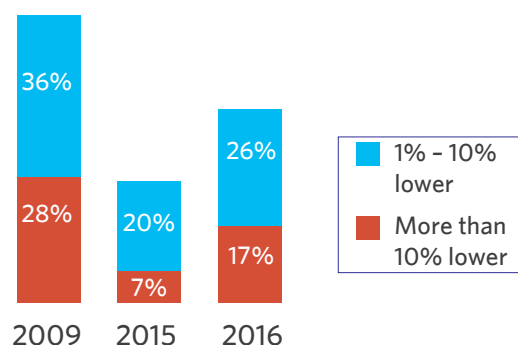
This finding holds true across the majority of subsectors. Of those respondents that receive government funding, 83% reported it remained flat or increased, compared to only 72% in 2013 and 58% during the last recession. This likely reflects the current provincial government's decision to maintain spending despite fiscal challenges.

Corporate funding has been the most affected, compared to all other funding sources, as a greater percentage of organizations are reporting decreases of a larger magnitude.

It is important to keep in mind that **the corporate sector accounts for less than 5% of the total revenue of Alberta's nonprofit sector¹**. Moreover, the percentage of organizations reporting decreased corporate funding this year is still significantly less than it was during the 2009 recession.

1. Roach, R. (2006). *The Nonprofit and Voluntary Sector in Alberta: Regional Highlights from the National Survey of Nonprofit and Voluntary Organizations*. Imagine Canada: Toronto, ON.

Percentage Of Organizations Reporting Lower Corporate Funding



Adaptation Strategies

Beliefs About the Downturn

30%

We have been through this before and things will improve

42%

We need to adapt to a new economic reality

28%

We simply don't know what to expect

Almost 70% of respondents had taken steps as of early 2016 in response to the economic downturn. Of those that had not taken any steps, almost 50% reported they hadn't yet experienced any effects. It is becoming clear that the downturn's effects vary in nature and manifest over different timelines across subsectors. For example, over one-half of sports and recreation organizations reported not having taken any steps to adapt, but we know anecdotally that some are expecting the impact to hit next year when more households will be looking to curb spending.

For those organizations that had taken measures to adapt, the most common strategies were to increase time and effort spent on fundraising and to reduce discretionary spending. A greater percentage of organizations reduced spending, programs, staff, or staff benefits this year compared to 2015; a sign that organizations have begun to make tough choices.

While many organizations are focused on weathering the storm, becoming more cautious and risk averse, a small number of organizations are increasing their focus on innovation and becoming more flexible and nimble. The survey results suggest an organization's operating strategy for the future is influenced by its views about the nature of the current economic downturn:

- Those that believe we have been through this before were more likely to report they are going to weather the storm.
- Those that believe they need to adapt to a new economic reality are more likely to report they plan to increase flexibility and adaptability, expand fundraising and revenue diversification efforts, and increase collaboration.
- Those that don't know what to expect were more likely to report they anticipate becoming more cautious and risk averse.

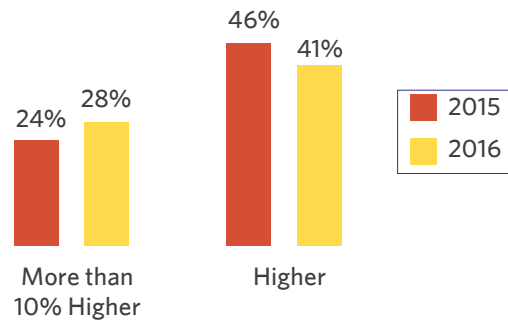
Demand In A Downturn

UNDERSTANDING DEMAND

More than sixty percent of organizations have reported increased demand for each of the past eight years. While this raises questions about the long-term sustainability of Alberta's nonprofit organizations, it tells us little about the capacity of nonprofit organizations to address this increase.

Ability to meet demand is influenced by a variety of factors ranging from funding and staffing levels to public policy and client acuity. The breadth of the sector also means that the nature of demand varies between subsectors. While we may expect increased demand for social service organizations during a downturn, the impact on arts and culture or sports and recreation organizations is more difficult to predict.

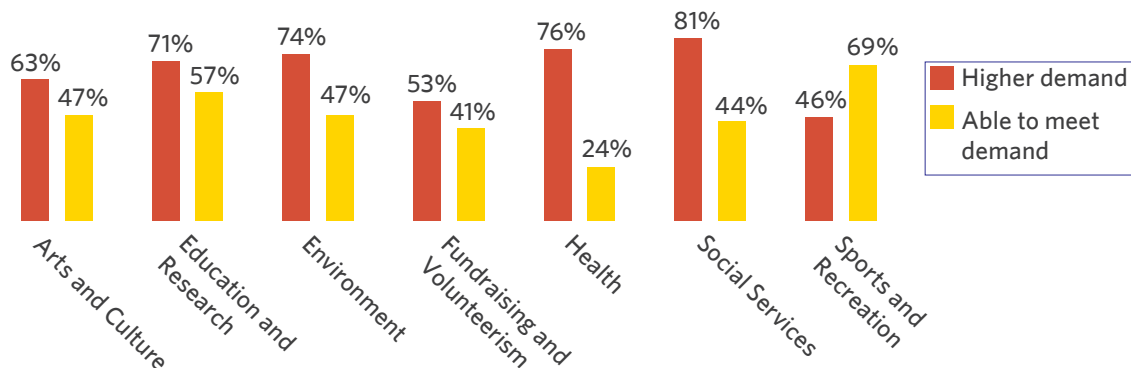
Year-Over-Year Changes In Demand



More than sixty percent of organizations have reported increased demand for each of the past eight years.

The proportion of organizations reporting they are able to meet demand has increased overall; however, this trend was not consistent across all subsectors. It is interesting that during the economic downturn a larger percentage of social service organizations reported being able to meet demand compared to last year. Meanwhile, health organizations appear to be especially struggling to meet increased demand. CCVO will continue to monitor these trends.

Demand Trends By Subsector



Rural Pressure Points

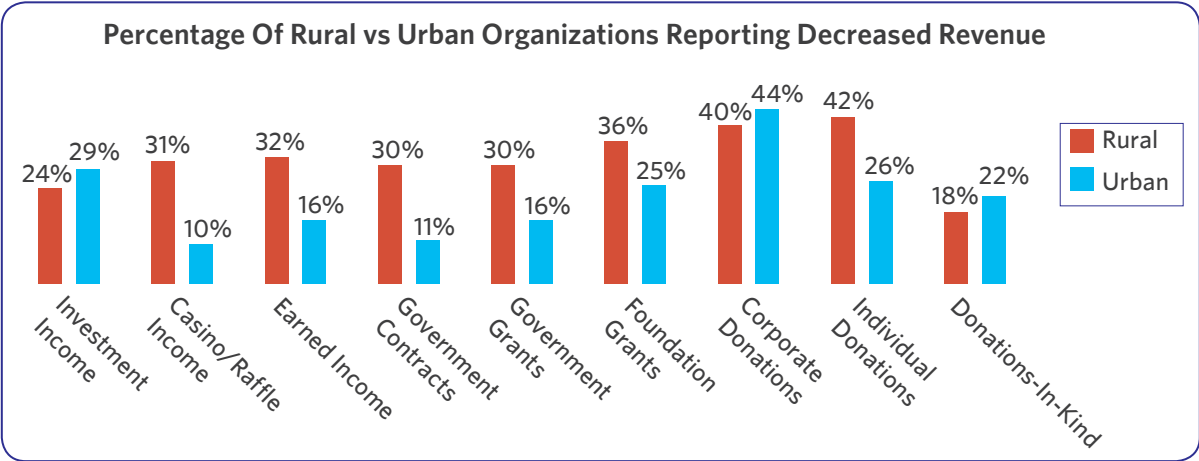
Rural organizations appear to have been more affected by the downturn than urban organizations, which is likely a result of some unique challenges. Specifically, rural nonprofit organizations may struggle to find potential board and staff members, volunteers, and donors in a pool that is constantly shrinking due to migration to urban areas.³

The current economic downturn in Alberta may lead to increased migration from oil/resource-based rural communities where there are fewer alternate employment opportunities. This leaves rural nonprofits and charities struggling to provide for the most vulnerable in their communities with fewer staff members, donors, and volunteers to draw from. There is some evidence to suggest that nonprofits in rural communities with an alternate economic base, such as agriculture or tourism, have been less affected by the downturn.

HOW HAVE RURAL ORGANIZATIONS FARED?

Rural organizations are more likely than urban organizations to have:

- REDUCED SERVICES AND PROGRAMS
- DECREASED SALARIES IN THE PAST YEAR
- REPORTED STAFF LEVELS WILL DECREASE IN THE COMING YEAR
- STAFF EARNING \$11.20/HR
- SEEN DECREASES IN VOLUNTEER NUMBERS
- NO OPERATING RESERVE
- CONTINUED SHARED SERVICES ARRANGEMENTS
- DECREASED COLLABORATION
- MERGED WITH ANOTHER ORGANIZATION



3. Stowe, S. & Barr, K. (2005). *The Rural Charitable Sector Research Initiative: Phase II. The Capacity Challenges of Nonprofit and Voluntary Organizations in Rural Ontario*. Imagine Canada: Toronto, ON.

Storm Clouds & Silver Linings

When asked about the impact of the continued economic downturn, organizations identified both the challenges and some surprising positive outcomes and opportunities. Many organizations noted challenges such as decreased donations and revenue, and increased demand. However, there are also some less talked about challenges and unexpected positive effects that a number of organizations shared.

"Morale is down, staff are overworked and everyone is feeling the stress of the downturn. Additionally, demand for services has increased."

"We may lose a vital part of our service because we can't afford to pay the staff person without the adequate funding."

"Reduced spending on professional development"

"Reduction to staff hours has impacted morale - higher absenteeism and turnover impacting the organization's overall efficiency."

"We recognize that corporate and individual donations will decrease and reduce the "extras" that we can offer our clients."

"Opportunities for a stronger and more diverse workforce due to a higher unemployment rate."

"Reduced construction costs for capital projects"

"Forced us to innovate to ensure every expense is being used for its greatest impact"

"Volunteer numbers have increased!"

"... we also have seen some new members as they have more time after layoffs/are looking for networking opportunities."

"Increased organizational profile"

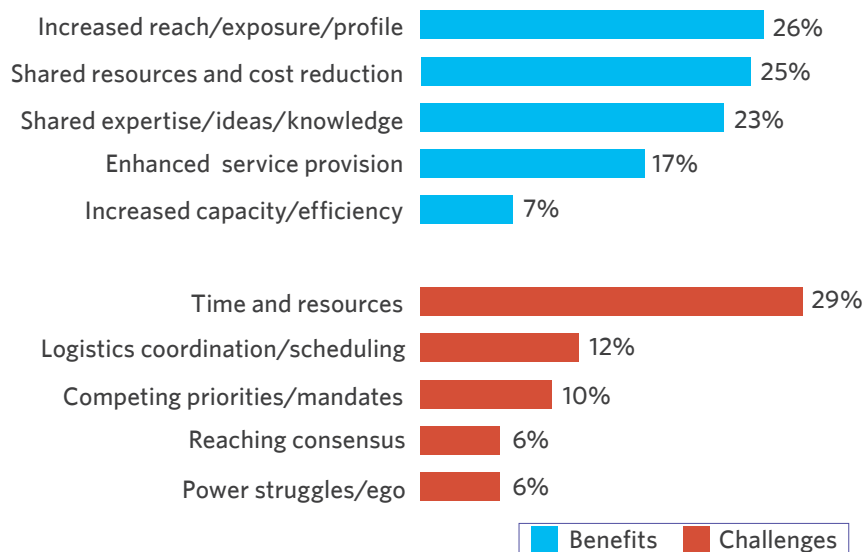
"Expansion of our programming in Alberta"

Better Together?

COLLABORATION IN THE NONPROFIT SECTOR

Our survey results suggest that the benefits and challenges of collaboration manifest at different phases of the collaboration cycle. A heavy investment of resources is often required in the initial development phase in order to progress to later stages, where some of the benefits identified by the respondents come to fruition.

Top Five Collaboration Benefits and Challenges



Organizations with declining revenue were less likely to have increased collaboration in the past year. One could argue that staying the course, rather than seeking out opportunities, for new collaborations is a prudent decision for organizations during a recession. While collaboration can be a way to lower operational costs and share finite resources, a recession may be a less than ideal time to initiate new collaboration given the significant investment of time and resources required upfront.

*“New ideas,
creative solutions”*

Lethbridge

*“External
partnerships
take more time
and manpower
to manage...
value is great but
HEAVILY taxes
the staff.”*

Calgary and Area

*“Collaboration
allows us to have
a wider reach
and extend our
programs/services.”*

Multi-Region

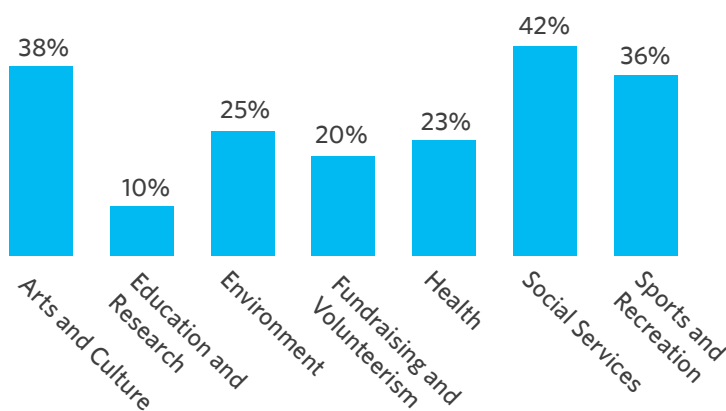
Minimum Wage Increases

KEY FINDINGS

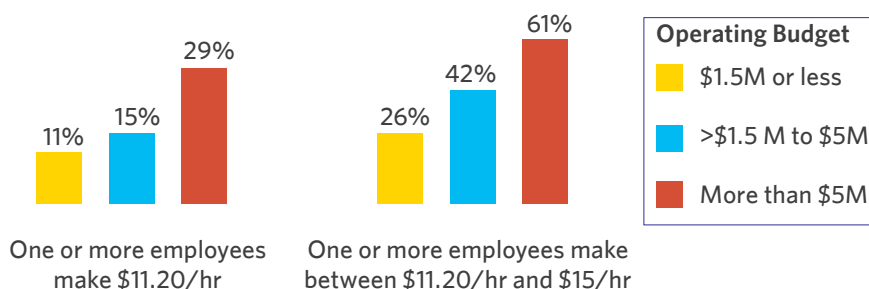
- 85% of organizations reported all employees make more than \$11.20/hr.
- 65% of organizations reported all employees make more than \$15/hr.
- 65% of organizations reported no change would be needed to adapt as minimum wage increases.
- 18% of organizations reported they expected to increase time and effort spent on fundraising as minimum wage increases.
- 18% of organizations reported they expected to restructure pay scales to at or above the minimum wage to maintain wage fairness as minimum wage increases.

As organizations transition from the current minimum wage of \$11.20/hr toward \$15/hr, the impacts and challenges of the increase are being felt in varying degrees across the sector. The social services subsector had the largest percentage of organizations that reported employing staff at wages less than \$15/hr, followed by the arts and culture and sports and recreation subsectors.

Percent Of Organizations With Staff Earning Less Than \$15/hr



Percent of Employees Affected by Minimum Wage Changes



Within our sample the larger the organization (defined by operating budget), the more likely the organization employed at least some staff at a rate of less than \$15/hr.

While there are shared impacts and challenges across all sectors, the nonprofit sector faces two unique challenges:

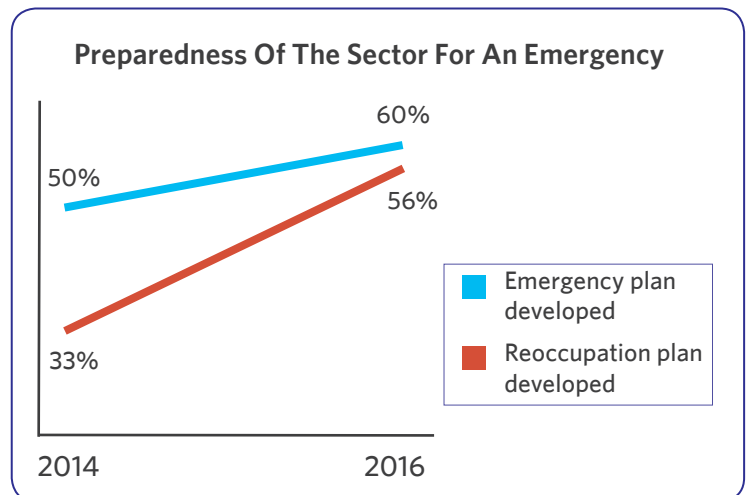
- Unlike the for-profit sector, many nonprofit organizations are unable to pass on the cost of a minimum wage increase through increasing the cost of goods or services. For those organizations that do offer fee-for-service programming, their target clientele often cannot afford increases.
- Raising funds for operating dollars, specifically for increases in staff wages, is difficult.

Emergency Preparedness

ORGANIZATIONS ARE BETTER PREPARED FOR EMERGENCIES

The sector continues to make progress in its emergency preparedness. More organizations reported they have emergency and reoccupation plans this year.

While fewer organizations reported they faced limitations this year, a lack of time, funding, and expertise continue to be the most common barriers to emergency planning.



FORT MCMURRAY: DOWN BUT NOT OUT

Going into 2016, Alberta's most resource dependent municipality was already experiencing strain resulting from low oil prices. With a regional unemployment rate of nearly 10%², and much economic uncertainty, Fort McMurray nonprofits and charities were feeling the effects on their revenue. Fifty percent of nonprofit organizations reported decreased total revenue, one-quarter had reduced staff, and one-fifth had reduced staff benefits and/or hours. More than half of survey respondents noted challenges with staff being overworked and underpaid.

On May 3, 2016, Fort McMurray was ravaged by fire, leading to the evacuation of the entire city. Many nonprofits are now faced with the challenge of restoring operations while aiding the broader community recovery. The overall impacts on nonprofits will include damaged or destroyed premises, displaced staff and volunteers, increased demand for services, work backlogs, loss of data and records, and lost revenue.

The challenge for those leading the disaster recovery response (e.g. governments, the Red Cross, insurers) is to quickly and efficiently flow recovery dollars to where they are needed.

Fort McMurray has a long road ahead; however, the community's nonprofit sector has done much work to support innovation and foster community resilience. Alberta has learned many lessons from the 2011 Slave Lake fire and the Southern Alberta Floods of 2013 which will be applied in this disaster. Next year's will be a story of how the recovery is progressing.

2. Statistics Canada, 2016.

Profile Of Respondents

BY REGION

Calgary and Area	43%
Edmonton and Area	17%
Camrose/Drumheller	3%
Lethbridge	3%
Medicine Hat	4%
Other Lethbridge/Medicine Hat Region	2%
Fort McMurray/Wood Buffalo/Cold Lake	6%
Red Deer and Area	5%
Athabasca/Grand Prairie	3%
Banff/Jasper/Rocky Mountain House	2%
Multi-Region/Province-Wide	12%

BY URBAN VS RURAL

Urban	62%
Rural	15%
Equal Parts Urban and Rural ...	22%
Outside of Alberta	1%

BY PAID STAFF

No paid staff ...	13%
Less than 1	10%
1 to 9	42%
10 to 24	13%
25 to 49	8%
50 to 99	5%
100 to 199	5%
200 or more ...	4%

BY SUBSECTOR

Arts and Culture	14%
Business, Professional Associations, and Unions	1%
Development	3%
Education and Research	5%
Environment	4%
Fundraising and Volunteerism	4%
Health	8%
Housing	2%
International	2%
Law, Advocacy, and Politics	2%
Religion	1%
Social Services	36%
Sports and Recreation	16%

BY OPERATING BUDGET

Less than \$250,000 ...	35%
\$250,000 to \$1.5M	34%
\$1.5M to \$5M	15%
\$5M to \$10M	6%
More than \$10M	9%

ABOUT THE SURVEY

The Alberta Nonprofit Survey takes an annual snapshot of the health and experience of Alberta's nonprofits and charities to capture information on finances, demand for services, staffing, and the future economic outlook of organizations. It is the only source of Alberta-specific research that documents long-term trends across Alberta's nonprofit sector.

The report is based on the analysis of 460 responses collected from nonprofit organizations across Alberta between February 2nd and 26th, 2016. As the sample of this survey is not representative, please keep in mind that the percentage values represent the percentage of respondents, not the percentage of organizations across Alberta. For questions or requests for assistance to interpret or make statements based on the survey data, please contact the Calgary Chamber of Voluntary Organizations at policy@calgarycvo.org.

This report was prepared by Anna Burrowes, Geoff Braun, and Melody Brooks, with support and contributions from Jackie Coe and Pamela Rempel.

